



file DT f.p. 12-13

COPY

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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In the Matter of )

VoiceStream Wireless Corporation, )  
Transferor, )

And )

Deutsche Telekom AG )  
Transferee, )

Application for Consent )  
to Transfer of Control )

IB Docket No. 00-187

COMMENTS OF THE ORGANIZATION FOR INTERNATIONAL INVESTMENT

Todd Malan  
Executive Director  
Organization for International Investment  
1901 Pennsylvania Ave., N.W.  
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Washington, D.C. 20006

December 13, 2000

market conditions only to the extent that they would create a merger-specific, very high risk to competition in the United States.

**C. The Proposed Merger Will Produce Strong Public Interest Benefits.**

The proposed merger, rather than provoking actions that could harm U.S. trade interests, should serve as an example of the many benefits that foreign investment brings to the United States. Foreign companies, through their U.S. subsidiaries, play a tremendous role in the stability and growth of the U.S. economy. Last year investment by international companies in new and existing American companies reached a record-breaking \$282 billion. Much of this investment comes from new global alliances – like the one proposed by Deutsche Telekom and VoiceStream – which have been made possible by the pro-competitive and market-opening commitments of trade agreements such as the Basic Telecom Agreement.

This huge influx in international investment is essential to our continued economic growth. It carries with it substantial benefits to American consumers and American companies. The U.S. subsidiaries of international companies support over 5 million American jobs – jobs that are high-skill and high-pay. These workers, in turn, produce goods accounting for more than 22% of U.S. exports. The investments of their parent corporations allow these U.S. subsidiaries access to new markets internationally, while providing additional sources of capital for expansion and innovation domestically.

These are precisely the public interest benefits to be gained by the Deutsche Telekom-VoiceStream merger.<sup>19</sup> An even stronger VoiceStream will be well-positioned

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<sup>19</sup> Interestingly, Germany is the largest source of U.S. foreign investment behind Great Britain.

C. Fred Bergsten, *Director*

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December 12, 2000

EX PARTE – Via Electronic Filing

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
The Portals  
445 12th Street, S.W.  
Washington, DC 20554

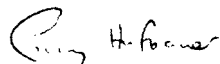
Re: VoiceStream Wireless Corporation, Powertel, Inc., and  
Deutsche Telekom AG Seek FCC Consent to Transfer Control of  
Licenses and Authorizations and Request Declaratory Ruling  
Allowing Indirect Foreign Ownership, IB Docket No. 00-187

Dear Ms. Salas:

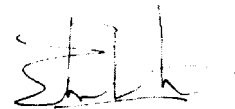
Attached hereto is a copy of a letter that we sent to Chairman  
Kennard, and Commissioners Ness, Furchtgott-Roth, Tristani, and Powell  
regarding the Commission's consideration of the VoiceStream/Deutsche  
Telekom merger.

In accordance with FCC rules, we are filing a copy of this letter in the  
above-captioned docket.

Sincerely,



Gary C. Hufbauer  
Reginald Jones Senior Fellow  
Institute for International Economics



Edward M. Graham  
Senior Fellow  
Institute for International Economics

vestiges in favor of slugging it out in the marketplace. The pro-competitive regulatory approach has many elements, pioneered in concept by Judge Greene and the FCC in the United States during the 1980s, expanded by Congress in the 1996 Telecommunications Act, and adopted internationally by the World Trade Organization in the 1997 Basic Telecom Agreement.

Thus, other countries are restructuring their telecom industries, and not just to accommodate US wishes. Instead, a stark realization is driving the shakeup of ancient telecom monopolies: No country has a prayer of prospering in the new economy without innovative and competitive telecom service providers that provide the latest and best technologies to customers at the lowest possible cost.

Of the two ingredients of the new telecom industry outside the United States, privatization and pro-competitive regulation, the latter is in fact the most

*... the United States already has in place an array of means by which it can deal with Deutsche Telecom—if it actually behaves as Senator Hollings fears.*

important. Some countries—Mexico and Singapore being just two examples—privatized their public telecom carriers without implementing pro-competitive regulation. In particular, the telecom firms were protected from foreign competition. The result? A high value for shares when the public telecoms were sold, but also high rates and low innovation for customers in the years thereafter. In fact, Mexico and Singapore, under these policies, did not fully participate in the benefits of the new economy.

By contrast, most European countries have embraced pro-competitive regulation, while gradually privatizing their telecom sectors. Britain led the way when it privatized British Telecom and followed up with pro-competitive regulation that opened the way for entry of new carriers. Germany is on the same path. More importantly, Germany has implemented all the elements of pro-competitive regulation contained in the WTO Basic Telecom Agreement. Entry by new service providers in Germany now is allowed and, indeed, one result has been that long distance and international rates have dropped by more than 70 percent. Nearly 150 carriers now offer local service. Four competitors are fighting for the mobile market. Deutsche Telecom in fact is only the second largest mobile operator in Germany. Leading US companies hold stakes in the German market: AT&T, WorldCom, Qwest, Global Crossing and many others. German Internet density is fast approaching US lev-

els, with 20 million subscribers by the end of 2000. America Online is the second largest Internet service provider in Germany.

### **Why American Consumers Lose under Hollings**

American consumer interest is plain and simple. The larger the number of telecom giants operating in the US market, the keener the competition, the lower the prices, the faster the innovation—all propelling the new economy. If the Congress passes the Hollings bill, or if the FCC uses its existing statutory powers to block Deutsche Telecom's acquisition of VoiceStream, that will send a powerful message: Foreigners keep out until you are 75 percent privatized!

Privatization is certainly desirable. It's already happening in Europe, Japan and elsewhere. Hollings worries that the pace of privatization is too slow. But to block entry into the US market by foreign telecom firms until they are 75 percent privatized is impatience with a vengeance! In another five to ten years, nearly all these foreign firms will indeed be privatized to Hollings' 75 percent threshold. But in the meantime, American consumers will lose the benefit of stronger competition. And with the US telecom market more mature and expanding less rapidly five or ten years hence, it will be much harder for a newcomer to build a big enough customer base to cover the fixed costs of entry. Under the Hollings bill, US consumers will long be denied the benefits of additional competition from firms like Deutsche Telecom, France Telecom, NTT and others.

### **Why US Telecoms Lose under Hollings**

Outside the United States and a few other nations, in practically every country, battles are constantly being fought between those who advocate telecom competition and innovation, and incumbent telecom operators who would rather do things their way at their time. In these battles, US telecom firms are agents of change. They are bursting into markets everywhere, foremost in Europe. From the standpoint of Europe's own self interest in its transition to the new economy, it should welcome AT&T, MCI Worldcom, SBC, Verizon, and all the rest of the American pack—whatever the outcome of Senator Hollings' efforts.

But let's be realistic. If Deutsche Telecom is blocked, the *status quo* forces in Europe and elsewhere will learn by bad example: They will find new reasons to block US telecom expansion. US telecom firms would then be big time losers. But so will US consumers. Households and firms that are seeking low cost, seamless, high-quality connections to Europe could, in many instances, be disappointed.

### **What if Hollings is Right?**

Despite everything in the WTO Basic Telecom Agreement and German actions, Hollings could still

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Washington, DC**

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Voicestream Wireless Corporation,	)	
Powertel, Inc. and Deutsche Telekom AG	)	
Request for Consent to Transfer Control	)	IB Docket No. 00-187
of Licenses and Authorizations	)	
and Request for Declaratory Ruling	)	
Allowing Indirect Foreign Ownership	)	

**Introduction**

The National Consumers League supports the applicants in the above-entitled matter because we believe that both consumers and workers will benefit without any detriment to our national security. NCL is a private, nonprofit consumer advocacy organization founded in 1899 to identify, protect, represent, and advance the economic and social interests of consumers and workers.

**Global Nature of Telecommunications Market**

The telecommunications marketplace is increasingly global. All major U.S. telecommunications companies have operations abroad. Foreign firms have already acquired large U.S. communications companies. For example, AirTouch was acquired by U.K.-based Vodafone; Telemex, which was previously government-owned, acquired Comm South Companies based in Texas and Topp Telecom, Inc. in Miami; and Deutsche Telekom and France Telecom have long-owned 20 percent of Sprint Corporation.

**Benefits to Consumers and Workers**

Consumers benefit from telecommunications companies that provide high levels of service that are accessible and reasonably priced. Deutsche Telekom has a reputation as a model company that serves consumers well and fairly. It is also a good corporate citizen, spearheading a program in Germany to provide educational institutions with Internet access and committing itself to making new technology available to everyone.

As an employer, the company enjoys positive relationship with the union that represents its workers and provides good working conditions and wages. Workers have a strong voice in the company through their participation in the supervisory board that appoints members of the corporate managing board and monitors its activities.

**Adequate Safeguards are in Place**

The Department of Justice and Federal Bureau of Investigation are required to review the purchase of U.S. telecommunications companies by foreign entities to ensure that our national security is not threatened. In addition, the U.S. Committee on Foreign Investment is required to conduct a separate national security review when foreign companies acquire domestic firms.

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Washington, D.C. 20554

In the Matter of	)	
	)	
VoiceStream Wireless Corporation,	)	IB Docket No. 00-187
Transferor, and Deutsche Telekom AG,	)	
Transferee, Application for	)	
Consent to Transfer of Control	)	

**Comments of**  
**Communications Workers of America**

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Dated: December 13, 2000

partnership with its workforce to benefit U.S. consumers with high-quality services and U.S. workers with high-quality jobs.

**B. The Proposed VoiceStream/DT Merger Will Accelerate Network Investment, Create Jobs, and Bring New Services to U.S. Consumers**

The proposed merger will give VoiceStream the additional financial resources it needs to build out its existing licenses and strengthen its existing networks. VoiceStream has built out only 45 percent of its licensed areas.<sup>4</sup> The transaction will also provide the merged entity with the financial resources to acquire additional licenses to expand its national footprint and to invest in next-generation wireless services.<sup>5</sup> Thus, this transaction will result in accelerated network investment, job growth, and the pro-competitive consumer benefits of adding another national facilities-based wireless competitor.

The merger will also result in new services for U.S. consumers. DT's leadership in providing advanced wireless services in Europe will provide U.S. wireless consumers with new options, such as a service that allows wireless customers to dial short codes to access value-added services.<sup>6</sup> DT's expertise in deploying next-generation wireless services in Europe will also benefit U.S. consumers with accelerated deployment of these services.<sup>7</sup>

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<sup>4</sup> In the Matter of VoiceStream Wireless Corporation, Transferor, and Deutsche Telekom AG, Transferee, Application for Consent to Transfer Control, Application for Transfer of Control and Petition for Declaratory Ruling, ("VoiceStream/DT Application"), IB 00-187, Sept. 18, 2000, 24.

<sup>5</sup> *Id.*, 18-19.

**C. The Proposed Merger Will Provide the Opportunity to Transfer Positive Elements of DT's Corporate Culture and a Quality Competitor to the U.S. Telecommunications Market**

One of the potential benefits of a global marketplace is the opportunity to transfer positive aspects of foreign corporate culture and quality competitors to the U.S. environment. In the context of this merger review, U.S. consumers and workers will have the opportunity to benefit from DT's corporate culture, one that protects the interests not only of shareholders, as is the case in the U.S. business environment, but also of workers and their communities.

The German system of co-determination governing corporate legal structures requires corporations to have a two-tier system of governance. There is a Supervisory Board and a Management Board. The Supervisory Board appoints the Management Board, which has responsibilities for all management decisions and negotiations with third parties. The Supervisory Board monitors the Management Board's activities, receives regular reports from the Management Board, and can require prior approval of some business decisions. Under German law, one half of the Supervisory Board members are elected by employees to be worker representatives.<sup>8</sup>

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<sup>6</sup> *Id.*, 27.

<sup>7</sup> *Id.*, 28-9.

<sup>8</sup> The German government and the German federal/state bank KfW, which owns 21.6 percent of DT, have each appointed only one member of DT's Supervisory Board, even though their ownership interests entitle them to appoint up to 10 members. They have appointed no members of the Management Board. VoiceStream/DT Application, 10.

The German system of co-determination has given rise to a corporate culture that recognizes the interests of all stakeholders, including workers, consumers, and communities. DT is a good employer and good corporate citizen, offering strategies and programs that serve the public interest in Germany. DT's presence in the U.S. market will create a more positive competitive dynamic in the U.S. telecommunications industry.

For example, DT has been extremely proactive in making sure schools are equipped to participate in the Internet age. In April 1996, DT initiated a program called "Schools on the Net" aimed to connect every school in Germany to the Internet. In February 2000, DT expanded the program and announced its initiative entitled T@School. The initiative includes free Internet access and ISDN connections for every school, a homepage for each school, and 10,000 email addresses. DT offers a special tariff for students; students can surf at home between 2-6 p.m. for only 50 cents.<sup>9</sup>

The German system of co-determination has encouraged a strong partnership between DT and the union that represents DT workers. Labor-management scholars have documented that such partnerships, termed "high performance" work organizations, tend to improve corporate effectiveness by encouraging employees to work with management to increase quality, productivity, and innovation in the workplace and in strategic decision-making.<sup>10</sup> The opportunity to transfer the positive aspects of DT's strong labor/management partnership and

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<sup>9</sup> DT Fact Sheet, "Deutsche Telekom as a Good Corporate Citizen: Schools on the Net and Universal Service."

<sup>10</sup> Eileen Appelbaum and Rosemary Batt, *High-Performance Work Systems*, Washington, D.C.: Economic Policy Institute, 1993.

respect for workers' rights will benefit U.S. consumers with quality telecommunications services and U.S. workers with good jobs.

In summary, the proposed merger is in the public interest. It will stimulate investment in wireless networks, accelerate deployment of new and advanced services to U.S. consumers, and create good jobs. The proposed merger provides the opportunity to transfer elements of a quality competitor and good corporate citizen to the U.S. marketplace and workplace.

#### **IV. The DT/VoiceStream Merger Meets all U.S. Statutory and Regulatory Requirements and Supports an Open Market Policy in Global Telecommunications Services**

The proposed VoiceStream/DT merger is fully consistent with U.S. trade agreements, Section 310(b)(4) of the Communications Act's public interest standard for foreign acquisition of U.S. common carriers, and the Commission's market-opening foreign ownership rules. On the other hand, Commission decision to deny the license transfer solely on the basis of DT's greater-than-25% foreign ownership would delay progress opening foreign markets to U.S. investment and invite retaliation by foreign governments against U.S. telecommunications firms.

##### **A. The Proposed VoiceStream/DT Merger is Consistent with the Public Interest Standard of Section 310(b)(4) of the Communications Act and the**

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In the Matter of	)	
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	)	
VOICESTREAM WIRELESS	)	
CORPORATION,	)	
	)	
Transferor,	)	
	)	
and	)	IB Docket No. 00-187
	)	
DEUTSCHE TELEKOM AG,	)	
	)	
Transferee,	)	
	)	
	)	
Application for Consent to Transfer of Control.	)	

**COMMENTS OF THE ALLIANCE FOR PUBLIC TECHNOLOGY  
SUPPORTING VOICESTREAM WIRELESS CORPORATION AND  
DEUTSCHE TELEKOM AG REQUEST FOR CONSENT TO TRANSFER OF  
CONTROL**

The Alliance for Public Technology (APT), has previously urged the Commission to evaluate whether proposed mergers serve "the public interest, convenience and necessity"<sup>1</sup> by examining whether the transaction promotes the goal of Section 706 of the Telecommunications Act of 1996 to "encourage the deployment on a reasonable and timely basis of advanced telecommunications capability to all Americans."<sup>2</sup> Moreover, APT has advocated that the Commission use "social compacts" with merged entities to

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<sup>1</sup> 47 USC Sec. 310 (d). See also, 47 USC Sec. 214 (a).

<sup>2</sup> See Comments of the Alliance for Public Technology, In the Matter of GTE Corp., Transferor, and Bell Atlantic Corp., Transferee, For Consent to Transfer Control, CC Docket No. 98-184 (Nov. 23, 1998); and Response of the Alliance for Public Technology, In the Matter of Amended Applications of WorldCom, Inc. and MCI Communications Corp. for Transfer of Control of MCI Communications Corp. to WorldCom, Inc., CC Docket No. 27-211 (Jan. 26, 1998).

## **1. DT's Expertise With Advanced Wireless Features Will Benefit Consumers**

The merger with DT will enable VoiceStream to speed deployment of next-generation wireless services. DT's innovation in providing advanced wireless services in Europe will make available value-added services presently unavailable in the United States such as worldwide voicemail access numbers, transferable prepaid calling plans, travel assistance and other services available through the introduction of the GPRS standard. VoiceStream is a small national wireless provider. As a result of improved economies of scale and scope, the merger may provide price reductions while enhancing consumer choice and innovation.

## **2. The Transfer Will Create Pro-competitive Benefits**

The various service enhancements and potential price reductions will not likely be limited to VoiceStream's subscribers. VoiceStream's becoming an early provider of GPRS-based services and a truly national player will likely spur other carriers to upgrade their service resulting in improved service offerings overall.

APT supports the marketplace for its creativity and innovative capacity, but understands that it does not ensure that everyone in the country will enjoy the life-enhancing benefits of sophisticated information technologies. As it considers the proposed merger conditions, APT asks the Commission to recognize that competition alone will not bridge the growing digital divide in the development and deployment of advanced communications networks.

APT firmly believes that Congress intended for competition to be a means for achieving Section 706's goal of universal advanced telecommunications infrastructure deployment, and not a means for undermining that objective. Recognizing the

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<sup>5</sup> See 47 U.S.C. §§ 214, 310(d).

predisposition of industry to compete by serving high-volume business and affluent customers, the Alliance urges the Commission to monitor closely and assess the effectiveness of the conditions it imposes by establishing a mechanism for annual reporting and review of the merged company's deployment. Consistent with the FCC's oversight responsibility under Section 706, we ask that the Commission impose similar conditions in all mergers. By fulfilling its mandate and focusing attention on the importance of Section 706 and its goals, the Commission can significantly promote the public's interest in a competitive marketplace.

Respectfully submitted,

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Stan Kugell

RE: IB Docket No.00-187

I am writing to recommend that the Commission APPROVE the application of Voicestream and Powertel to transfer certain PCS licenses to Deutsche Telekom AG ("DT"). I believe the transfers would serve the public interest for the reasons set forth below.

Most existing GSM carriers in the U.S., including Voicestream, have provided poor service, inadequate geographic coverage, and have not achieved market penetration or scale comparable to other wireless carriers. In most markets, the AMPS carriers and the other PCS, provide better and cheaper service. Perhaps Voicestream is not adequately capitalized or motivated, or perhaps they lack the scale to compete. There is little reason to believe or hope that Voicestream will, on its own, will provide competitive service.

In contrast, DT has proven itself to be an effective wireless competitor in other countries. DT has adequate financial strength, and a strong post-acquisition financial incentive, to build out the U.S. GSM licenses to their full potential. Because GSM networks are compatible worldwide, and because DT operates many other GSM systems, consumers with wireless needs in more than one country may well benefit by DT's ownership.

DT's ownership of the licenses does not present significant foreign ownership risks because the licenses are not for bottleneck services or facilities. Adequate domestically controlled alternatives exist in most markets.

For these reasons, I recommend that the Commission APPROVE the application.



Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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**JAN - 8 2001**

**FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY**

In the Matter of )  
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VOICESTREAM WIRELESS )  
CORPORATION, and )  
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POWERTEL, INC., )  
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Transferors, )  
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and )  
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DEUTSCHE TELEKOM AG, )  
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Transferee, )  
 )  
Applications for Consent to Transfer of Control )

IB Docket No. 00-187

**REPLY IN SUPPORT OF**  
**APPLICATIONS FOR CONSENT TO TRANSFER OF CONTROL**

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recognition that it would rely instead on (1) foreign governments to implement their own commitments under the Basic Telecom Agreement, and (2) the United States' ability to pursue consultation with the foreign government involved and WTO dispute resolution where necessary.<sup>3/</sup> There is no reason for the Commission to shift course, effectively anointing itself arbiter of international, multijurisdictional concerns. To do so now would be arbitrary, in violation of the Commission's own decisions and the Administrative Procedure Act. Such a shift also would violate U.S. WTO commitments, likely resulting in the filing of complaints with the WTO and retaliation by other jurisdictions.

Accordingly, the Commission should grant these Applications as soon as Applicants have entered into an agreement with the Department of Justice ("DOJ") and the Federal Bureau of Investigation ("FBI") regarding national security and law enforcement issues.

**I. THE COMMENTS CONFIRM THAT THE PROPOSED TRANSACTIONS WILL DELIVER SUBSTANTIAL PROCOMPETITIVE BENEFITS WITHOUT POSING OFFSETTING RISKS TO COMPETITION.**

The record makes clear that DT's transactions with VoiceStream and Powertel<sup>4/</sup> will deliver substantial procompetitive, proconsumer benefits. Very few commenters assert that DT's partial government ownership or position in the German telecommunications market will have anticompetitive effects, and all of them fail utterly to demonstrate any harm to competition (or to consumers), much less a "very high risk" of such harm.<sup>5/</sup> Moreover, the forthcoming agreement between Applicants and DOJ and the FBI will appropriately address any national security or law

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<sup>3/</sup> See *Foreign Participation Order*, 12 FCC Rcd at 23907-09 ¶¶ 38-40.

<sup>4/</sup> For convenience of presentation, we generally use "VoiceStream" to refer collectively to VoiceStream and Powertel. We note that no commenter raises any independent issue with respect to the Powertel-DT transaction.

<sup>5/</sup> See *Foreign Participation Order*, 12 FCC Rcd at 23913-14 ¶ 51.

enforcement needs. Thus, the transactions plainly will “serve[] the public interest, convenience, and necessity,”<sup>6/</sup> and the Commission should promptly approve them.

**A. The Comments Support Applicants’ Showing That the Transactions Are Strongly Procompetitive.**

As Applicants demonstrated in the Applications, these mergers will yield substantial benefits for American consumers and workers. No commenter questions that the direct result of the mergers will be to enhance competition in wireless telecommunications. VoiceStream will bring new service plans to more American consumers and will speed the introduction of innovative features and functions. This will produce benefits for all wireless consumers — not just VoiceStream customers — by forcing VoiceStream’s competitors to ratchet up their own competitive efforts.<sup>7/</sup> Indeed, several commenters cite these benefits as reasons that the Commission should grant the proposed transfers,<sup>8/</sup> and no commenter denies those benefits.

No commenter disputes that the proposed transactions will have substantial procompetitive, proconsumer effects.<sup>9/</sup> Through these unions, VoiceStream will gain access to essential resources and valuable expertise that will facilitate its emergence as a robust fifth

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<sup>6/</sup> 47 U.S.C. § 310(d).

<sup>7/</sup> No commenter refutes the lengthy discussion of procompetitive benefits made in the Application by VoiceStream Wireless Corp. and Deutsche Telekom AG for Transfer of Control and Petition for Declaratory Ruling, filed Sept. 18, 2000 (“VoiceStream-DT App.”). *See* VoiceStream-DT App. at 18-29; Application by Powertel, Inc. and Deutsche Telekom AG for Transfer of Control and Petition for Declaratory Ruling, filed Sept. 18, 2000, at 8-19 (“Powertel-DT App.”).

<sup>8/</sup> *See* Comments of Organization for International Investment (“OFII”) at 9; Comments of Institute for International Economics (“IIE”), Attachment at 4; Comments of National Consumers League (“NCL”) at 1; Comments of Communications Workers of America (“CWA”) at 3-6; Comments of Alliance for Public Technology (“APT”) at 3-4.

<sup>9/</sup> *See* Comments of NCL at 1; Comments of CWA at 3-6; Comments of IIE, Attachment at 4; Comments of Kugell.

national wireless competitor. Commenters agree that the mergers will accelerate VoiceStream's build-out of its network, which at present reaches only 45 percent of its licensed service areas.<sup>10/</sup> Unlike four of its major competitors (AT&T Wireless, Cingular, Verizon Wireless, and Sprint), VoiceStream is a new and independent company, without the ready availability of capital necessary to build out its network and expand its services. The proposed transactions will put VoiceStream and Powertel on a more even footing with their larger competitors, allowing more rapid progress toward a near-nationwide footprint.

No commenter disputes that, by increasing competition, the merger will benefit all consumers because it will force all wireless providers to offer better, more innovative services at lower prices. In its annual CMRS competition reports, the Commission has documented the significant increases in competition and innovation — and the sharp declines in price — that accompany the arrival of each new competitor in a wireless market.<sup>11/</sup> Likewise, as the Institute for International Economics commented in this proceeding, “[t]he larger the number of telecom giants operating in the US market, the keener the competition, the lower the prices, the faster the innovation — all propelling the new economy.”<sup>12/</sup> Commenters also agree that VoiceStream's growth into a full-fledged, nationwide carrier will stimulate competition and benefit consumers.<sup>13/</sup> And it is uncontroverted that the merger offers the potential for further price

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<sup>10/</sup> See VoiceStream-DT App. at 24-25; Powertel-DT App. at 10, 15-17.

<sup>11/</sup> See, e.g., *Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993; Annual Report and Analysis of Competitive Market Conditions with Respect to Commercial Mobile Services*, Fifth Report, FCC 00-289 (rel. Aug. 18, 2000).

<sup>12/</sup> Comments of IIE, Attachment at 4.

<sup>13/</sup> Comments of OFII at 9-10; Comments of IIE, Attachment at 4; Comments of NCL at 1; Comments of CWA at 3-6; Comments of APT at 3-4.

reductions as a result of improved economies of scale and scope, particularly from more efficient procurement.<sup>14/</sup>

Moreover, no commenter challenges Applicants' showing that DT's leadership in providing advanced wireless services in Europe will facilitate VoiceStream's introduction of these and other promising new services, including next-generation applications, into the U.S. market. Commenters APT, CWA, OFII, and Kugell all note that DT's leadership and experience in this area will facilitate the delivery of new services to American consumers.<sup>15/</sup> For example, APT specifically comments that approval of the merger will "promote advanced services deployment."<sup>16/</sup> CWA similarly observes that "DT's leadership in providing advanced wireless services in Europe will provide U.S. wireless consumers with new options, such as a service that allows wireless customers to dial short codes to access value-added services."<sup>17/</sup>

Finally, commenters emphasize the benefits of investment and job creation in the national economy — precisely the benefits envisioned by the United States when it joined the WTO and negotiated the Basic Telecom Agreement. CWA notes that accelerated network build-out fuels job growth.<sup>18/</sup> OFII observes that "[f]oreign companies, through their U.S. subsidiaries, play a tremendous role in the stability and growth in the U.S. economy. Last year investment by international companies in new and existing American companies reached a record-breaking

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<sup>14/</sup> See VoiceStream-DT App. at 27-28; Powertel-DT App. at 17-18.

<sup>15/</sup> See Comments of APT at 2-4; Comments of CWA at 3; Comments of OFII at 9-10; Comments of Kugell at 1.

<sup>16/</sup> Comments of APT at 2.

<sup>17/</sup> Comments of CWA at 3.

<sup>18/</sup> See *id.*

\$282 billion.”<sup>19/</sup> DT has already invested \$5 billion in VoiceStream — money that supports the creation of high-skill, high-paying jobs and the deployment of advanced mobile networks, all on American soil. The proposed mergers will only further these beneficial developments.

In sum, the record on the public interest benefits of the proposed merger is clear. Commenters supporting the merger speak with a single voice about increased competition and innovation, accelerated deployment, greater choice and lower prices, job creation, and capital investment. Even those commenters opposing the unconditional license transfer do not dispute these benefits, but rather object on erroneous or irrelevant grounds.

**B. The Record Is Clear That the Proposed Transactions Pose No Risk to Competition in the United States, Let Alone a “Very High Risk.”**

No commenter argues — and none could argue — that this merger will result in the disappearance of an actual competitor. As the Institute for International Economics notes in its comments,

[t]he Deutsche Tele[k]om acquisition of VoiceStream (and Powertel) exemplifies the sort of horizontal expansion that *adds* to competition in the U.S. market. Deutsche Tele[k]om . . . has no significant presence in the US market. If Deutsche Tele[k]om makes an entry, it will add to competition. . . . Unless [VoiceStream] combines with another player, it won’t have the capital and technology to expand and compete. And with Verizon, [Cingular], AT&T and Sprint already nationwide carriers, unless VoiceStream combines with a carrier not already in the US market, a VoiceStream merger is likely to *subtract* competition.<sup>20/</sup>

Nor does any commenter allege — and none could — that DT is a significant potential competitor that would have been likely independently to enter the U.S. wireless market in the absence of a merger or acquisition. There is no doubt that the allocated, unassigned spectrum is

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<sup>19/</sup> See Comments of OFII at 9; *see also* Comments of Chamber of Commerce at 6-7.

<sup>20/</sup> Comments of IIE, Attachment at 2-3.